

Message Text

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SUBJECT: SEARCH FOR CONSENSUS ON PETROLEUM NATIONALIZATION

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SUMMARY. THE NATIONAL DEBATE OVER OIL NATIONALIZATION TOOK A NEW TURN THIS WEEK WHEN FORMER PRESIDENT CALDERA PROPOSED AN ALL-PARTY MEETING TO SEARCH FOR SOME FORM OF CONSENSUS ON THE QUESTION OF FUTURE FOREIGN PARTICIPATION IN THE PETROLEUM INDUSTRY. SEVEN PARTIES, INCLUDING THE GOVERNING AD, ACCEPTED THE PROPOSAL AND THE MEETING HAS BEEN SET FOR JUNE 16. MEANWHILE THE CONGRESSIONAL DEBATE ON THE OIL NATIONALIZATION BILL ENTERED ITS SECOND WEEK AS VARIOUS REPRESENTATIVES SPOKE AT LENGTH WITHOUT BREAKING ANY NEW GROUND. END SUMMARY.

1. AS REPORTED REFTTEL, THE LONG-AWAITED DEBATE IN THE CHAMBER OF DEPUTIES ON THE PEREZ ADMINISTRATION'S OIL NATIONALIZATION BILL, AS MODIFIED BY THE CHAMBER'S MINES AND HYDROCARBONS COMMITTEE, LIMITED OFFICIAL USE

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GOT UNDERWAY JUNE 5. AD SECRETARY GENERAL CARLOS CANACHE MATA

LED OFF THE DEBATE FOR THE GOVERNMENT AND COPEI PARLIAMENTARY WHIP EDUARDO FERNANDEZ REPLIED ON BEHALF OF THE LEADING OPPOSITION PARTY. IN THE THREE SUBSEQUENT SESSIONS SPOKESMEN FOR THE VARIOUS MINOR PARTIES, MEP, MAS, URD, MIR AND OTHERS, HAVE PUT FORWARD THEIR POSITIONS ON THE NATIONALIZATION BILL, AND IN PARTICULAR THE CONTROVERSIAL ARTICLE 5 WHICH LEAVES THE DOOR OPEN FOR FUTURE FOREIGN PARTICIPATION IN THE NATIONALIZED OIL INDUSTRY. SO FAR THERE HAVE BEEN NO SURPRISES. THE OPPOSITION PARTIES HAVE UNANIMOUSLY REJECTED THE MINES COMMITTEE'S VERSION OF ARTICLE 5 IN THE PROPOSED BILL, WHILE SOME RESERVATIONS HAVE BEEN EXPRESSED ABOUT THE WORDING OF ONE OR TWO OTHER ARTICLES.

2. JUST AS CONGRESS SEEMED TO BE HEADED FOR AN INTERMINABLE DEBATE ON THE VIRTUES AND SHORTCOMINGS OF THE PROPOSED BILL, MEP PRESIDENT LUIS PRIETO PROPOSED EARLY THIS WEEK THAT ALL THE OPPOSITION PARTIES MEET TO PLAN JOINT ACTION TO CONFRONT THE GOVERNMENT ON THE QUESTION OF ALLOWING A ROLE FOR MIXED ENTERPRISES IN THE NATIONALIZED PETROLEUM INDUSTRY. THE PROPOSITION WAS CONSIDERED BY EX-PRESIDENT RAFAEL CALDERA AND THE COPEI NATIONAL COMMITTEE ON JUNE 10. WHILE ACCEPTING PRIETO'S IDEA, CALDERA SUGGESTED THAT THE MEETING BE EXPANDED TO INCLUDE ALL PARTIES (OPPOSITION PLUS AD) IN ORDER TO REACH A BROAD CONSENSUS ON THE NATIONALIZATION BILL. SPEAKING ON BEHALF OF CALDERA, COPEI ACTING PRESIDENT GODOFREDO GONZALEZ TOLD THE PRESS THAT COPEI WANTED A "NATIONAL CONSENSUS" ON NATIONALIZATION AND REGRETTED THAT AD HAD NOT TAKEN THE INITIATIVE ITSELF, THUS INDIRECTLY CRITICIZING THE GOVERNMENT'S APPARENT READINESS TO PROPEL THE PROPOSED BILL THROUGH CONGRESS RELYING ON ITS MAJORITY IN BOTH HOUSES IF NECESSARY.

3. IN A SOMEWHAT BELATED MOVE AD ACTED TO SHORE UP ITS NATIONALIZATION BILL, AS THE HEAVY ATTACK ON IT CONTINUED IN THE CONGRESS. SECRETARY GENERAL OF THE PRESIDENCY EFRAIN SCHACHT INVITED REPRESENTATIVES OF ALL THE OPPOSITION PARTIES TO LUNCH WITH HIM AT MIRAFLORES PALACE JUNE 11. REPRESENTATIVES OF CCN, FDP, URD AND PCV ACCEPTED THE INVITATION, BUT SCHACHT WAS POINTEDLY STOOD UP BY COPEI, MAS, AND MEP. WHILE SCHACHT WAS STARING AT THE EMPTY CHAIRS AT HIS TABLE, IN THE CONGRESS AD PRESIDENT GONZALO BARRIOS WAS QUIETLY AGREEING TO CALDERA'S CALL FOR A MEETING OF ALL PARTIES TO WORK TOWARD A CONSENSUS. "FOR US ANY INVITATION TO DISCUSS MATTERS OF THE PUBLIC GOOD WILL BE LIMITED OFFICIAL USE

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WELCOME," BARRIOS SAID. BARRIOS ADDED THAT HE WAS NOT VERY OPTIMISTIC THAT SOME ACCORD COULD BE REACHED WITH THE OTHER PARTIES. "NEVERTHELESS," HE CONTINUED, "IT IS POSSIBLE THAT A COMMON POSITION REGARDING THE TRANSCENDENCE OF THE BILL CAN BE REACHED, WITHOUT EXCLUDING ARTICLE 5."

4. EVEN BEFORE BARRIOS INDICATED AD'S ACCEPTANCE OF THE CALDERA PROPOSAL, OTHER OPPOSITION LEADERS EXPRESSED THEIR SUPPORT FOR THE

ALL-PARTY MEETING. MEP PRESIDENT PRIETO WAS THE FIRST TO ANNOUNCE THAT HIS PARTY WOULD ATTEND. SENATOR POMPEYO MARQUEZ SAID MAS BELIEVED THE CALDERA PROPOSAL MERITED A "POSITIVE ATTITUDE," ALTHOUGH MAS WOULD NEVER AGREE TO PARTICIPATION OF FOREIGN CAPITAL IN THE NATIONALIZED INDUSTRY. SPOKESMEN FOR URD, MIR, AND THE PCV ALSO INDICATED THEIR PARTIES' ACCEPTANCE OF THE PROPOSED MEETING. AS THE CALDERA PROPOSAL PARALLELED ONE MADE BY REINALDO CERVINI, PRESIDENT OF THE NATIONALIST PRO-VENEZUELA GROUP, THE PARTIES AGREED THAT THE MEETING TAKE PLACE IN THE PRO-VENEZUELA CONFERENCE CENTER ON MONDAY AFTERNOON, JUNE 16.

5. COMMENT. THIS WEEK'S TURN OF EVENTS HAS CONTRIBUTED TO LOWERING TENSIONS OVER THE NATIONALIZATION ISSUE, ALTHOUGH THE RESPITE MAY BE A BRIEF ONE. IT IS CLEAR THAT ALL OF THE MAJOR PARTIES WOULD PREFER TO ARRIVE AT SOME SORT OF CONSENSUS OVER THE QUESTION OF FUTURE FOREIGN PARTICIPATION IN THE PETROLEUM INDUSTRY AND ARE GROPING FOR A SOLUTION. GODOLFREDO GONZALEZ, FOR EXAMPLE, REITERATED IN A JUNE 5 PRESS CONFERENCE THAT COPEI IS NOT OPPOSED TO "THE APPLICATION OF THE MIXED COMPANY FORMULA IN AREAS WHICH ARE OF LESS IMPORTANCE FOR THE DEVELOPMENT OF THE COUNTRY THAN IS PETROLEUM." HE AGREED MOREOVER THAT THE STATE COULD ENTER INTO MIXED COMPANIES WHICH PROVIDE SERVICES TO THE BASIC ACTIVITY OF THE PETROLEUM INDUSTRY.

6. BOTH MAJOR PARTIES STAND TO GAIN AND LOSE FROM THE NATIONALIZATION ISSUE. AD NATURALLY WANTS NATIONALIZATION TO GO SMOOTHLY AND FOR THE INDUSTRY TO CONTINUE TO OPERATE EFFICIENTLY AFTER NATIONALIZATION. COPEI HAS MUCH TO GAIN IF CALDERA EMERGES AS THE ARCHITECT OF AN EVENTUAL CONSENSUS ON THE NATIONALIZATION BILL. ON THE OTHER HAND, COPEI WILL BE ON THE SPOT IF NATIONALIZATION ARRIVED AT A THROUGH A CALDERA-INSPIRED CONSENSUS SHOULD FALL. A POSSIBLE EXPLANATION OF THE GOVERNMENT'S AGREEING TO THE CALDERA PROPOSAL FOR AN ALL-PARTY MEETING MAY BE ITS APPARENT DESIRE NOT LIMITED OFFICIAL USE

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TO GO IT ALONE AND RELY ON ITS MAJORITY OF VOTES TO STEAMROLLER ITS VERSION OF ARTICLE 5 THROUGH CONGRESS. IN THIS REGARD IT IS NOTEWORTHY THAT AD PRESIDENT BARRIOS SAID ON JUNE 11 THAT "THE ARTICLE 5 WHICH IS PASSED MAY NOT BE EXACTLY THAT WHICH NOW APPEARS IN THE BILL." HE ADDED THAT AN ALTERATION IN THE TEXT WOULD BE "NORMAL." SHLAUDEMAM

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